



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

ROY COOPER
GOVERNOR

CHARLES PERUSSE
STATE BUDGET DIRECTOR

October 23, 2017

MEMORANDUM

TO: The Honorable Senator Phil Berger, President Pro Tempore, NC Senate
The Honorable Representative Tim Moore, Speaker, NC House of Representatives
Co-Chairmen of the Joint Legislative Commission on Governmental Operations

FROM: Charles Perusse *Charles Perusse*
State Budget Director

Barbara Gibson *Barbara F. Gibson*
State Human Resources Director

SUBJECT: Salary Increase Monitoring Report for Third and Fourth Quarters 2016-2017

Section 30.11.(a) of Session Law 2015-241 requires the Office of State Budget & Management (OSBM) and the Office of State Human Resources (OSHR) to submit a semiannual report to the Joint Legislative Commission on Governmental Operations on nonlegislative salary increases in State agencies, departments, and institutions, including authorities, boards, and commissions; the judicial branch; and The University of North Carolina and its constituent institutions.

For agencies reporting through the BEACON HR/Payroll system, these reports must include (i) a breakdown by action type (including, but not limited to, promotion, reallocation, career progression, salary adjustment, and any similar actions increasing employee pay) of the number and annual amount of those increases and (ii) a breakdown by action reason (including in-range higher level, acting pay, trainee adjustment, and other similar action reasons) of the number and annual amount of those action types coded as salary adjustment. For the University of North Carolina and its constituent institutions, the reports must include a breakdown of the number and annual amount of those increases categorized by the University as promotions, changes in job duties or responsibilities, Distinguished Professorships, retention pay, career progression, and any other similar actions increasing employee pay.

The following report covers the period of January through June 2017 and includes two attachments:

1. *Salary Increases for BEACON Agencies*: Salary increase actions entered into the BEACON HR/Payroll System during the semiannual period.

2. *Salary Increases for UNC System:* Salary increase actions reported by the UNC System for the semiannual period.

Analysis – State Agencies

From January 1 – June 30, 2017, there were 9,516 salary increases out of 79,728 employees¹ from all funding sources in State agencies. These increases account for a total salary increase of \$40.8 million (all fund sources). Salary increase data was obtained from the BEACON HR/Payroll system, including action type and reason for each increase.

Table 1 below lists the action types, number of salary increases, and dollar amounts:

Table 1 - Salary Increases for State Agencies		
<i>Action Type</i>	<i># of Actions</i>	<i>Salary Increase</i>
Promotion	2,065	\$13,838,283
Reinstatement	303	\$2,927,466
Non-Beacon to Beacon	152	\$4,559,029
Transfer	553	\$4,009,981
Appointment Change*	169	\$690,015
Reallocation	492	\$1,972,177
Salary Adjustment	5,478	\$10,992,972
Range Revision	47	\$197,912
Career Progression Adjustment	257	\$1,602,035
Totals	9,516	\$40,789,870

*An appointment change example: a probationary employee becoming permanent.

There were 17 findings; all were increases of more than 20% that were not approved by OSBM or OSHR. OSHR is following up with the agencies as appropriate for retroactive review and corrective action.

Analysis – UNC System

There were 3,119 salary increases out of 63,345 employees² from all funding sources in the UNC System from January 1 – June 30, 2017. These increases account for a total salary increase of \$20.0 million (all fund sources). There were approximately 2,796 EHRA non-faculty and SHRA increases (\$16.4 million) and 323 EHRA faculty increases (\$3.6 million).

Table 2 below lists the reasons for the salary, dollar amounts, and number of actions. For further information, contact John Sparrow in OSBM at john.sparrow@osbm.nc.gov or Davita Morant in OSHR at davita.morant@nc.gov.

¹ Employee count as of December 2016, excluding UNC System, community college campus, and public school personnel.

² Employee count as of December 2016.

Table 2 - Salary Increases for UNC System

Action Type <i>EHRA Non-Faculty & SHRA</i>	Salary Increase General Fund	Salary Increase Non-General Fund	Total Salary Increase	Number of Actions
Promotion - Higher-Level Class	\$682,542	\$178,303	\$860,845	83
Promotion - Competitive Selection	\$3,177,870	\$1,400,783	\$4,578,652	592
Increased Duties/Responsibilities	\$2,030,395	\$2,141,433	\$4,171,829	680
Increased Duties/Responsibilities**	\$652,954	\$464,468	\$1,117,422	204
Retention (from all fund sources)	\$93,180	\$237,181	\$330,361	20
Career Progression	\$1,037,742	\$739,787	\$1,777,529	482
Faculty Recruiting and Retention Fund	\$12,242	\$0	\$12,242	1
All Other	\$1,364,880	\$2,181,972	\$3,546,852	734
Total	\$9,051,805	\$7,343,927	\$16,395,732	2,796
<i>EHRA Faculty</i>				
Promotion - Higher-Level Class	\$21,416	\$28,580	\$49,997	6
Promotion - Competitive Selection	\$342,492	(\$6,800)	\$335,692	23
Increased Duties/Responsibilities	\$357,831	\$637,065	\$994,896	79
Increased Duties/Responsibilities**	\$0	\$0	\$0	0
Retention (from all fund sources)	\$327,461	\$103,493	\$430,953	32
Career Progression	\$0	\$0	\$0	0
Distinguished Professors Endowment Fund	\$5,000	\$0	\$5,000	1
Faculty Recruiting and Retention Fund	\$0	\$0	\$0	0
All Other	\$950,835	\$850,173	\$1,801,009	182
Total	\$2,005,035	\$1,612,511	\$3,617,547	323
Grand Total	\$11,056,840	\$8,956,438	\$20,013,279	3,119

** Temporary increases in job duties or responsibilities; salaries will revert when temporary duties cease.